
**MINUTES OF PVTA'S
FINANCE & AUDIT COMMITTEE MEETING
September 23, 2019**

1. CALL TO ORDER

The Finance and Audit Committee meeting of the Pioneer Valley Transit Authority was held on Monday, September 23, 2019 at 10:00 A.M. at the Pioneer Valley Transit Authority Administration Office located at 2808 Main Street in Springfield, MA.

MEMBERS PRESENT:

Members: Doug Slaughter, Amherst; Brian O'Leary, Belchertown; David Moskin, Hadley

NOT PRESENT:

Steve Huntley, Chicopee;

Call to Order: Doug Slaughter, Chairman of the Finance & Audit Committee stated that the committee has a quorum and called the meeting to order at 10:09 A.M.

2. PUBLIC COMMENTS

Chairman Slaughter opened the floor for public comments. No Public Comments were made.

3. APPROVAL OF MINUTES OF THE FINANCE & AUDIT COMMITTEE MEETING OF MAY 22, 2019

Chairman Slaughter asked for a motion from the Finance & Audit Committee to approve the meeting minutes of May 22, 2019.

MOTION: Moved and seconded (O'Leary/Moskin) to approve the minutes of PVTA's Finance & Audit Committee meeting held May 22, 2019.

Chairman Slaughter asked if there was any discussion, hearing none, asked for all those in favor to say aye.

Motion passed by a unanimous vote.

4. PVTA'S FY19 AUDIT

Chairman Slaughter turned the floor over to Auditor David Irwin of Adelson & Company PC to report on PVTA's FY19 Audit for the year ended June 30, 2019:

Total assets for 2019: \$149,353,387

Total deferred outflows of resources: \$2,686,681
Total assets and deferred outflows of resources: \$152,040,068
Total liabilities: \$69,402,265

Net Position:

Invested in capital assets, net of related debt: \$122,828,619
Restricted reserve: \$1,580,175
Unrestricted: \$-47,171,008
Total Net Position: \$77,237,786

Financial Highlights:

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at June 30, 2019 by \$77,237,786.
- The total operating revenue increased \$515,147 or 7.3% from fiscal year 2018.
- The total operating expenses increased \$6,706,060 or 14.2% from fiscal year 2018. A large portion of this increase is related to the change in the Authority's net pension liabilities of \$603,657 and other postemployment benefits liabilities of 4,382,844, which are non-reimbursable costs at this time.
- The Authority's net cost of service, after applying operating assistance and revenues, for eligible reimbursable expenses for fiscal year 2019 was \$34,181,824. The net cost of service was funded with local assessments of \$8,947,886 and state contract assistance of \$25,233,938.
- The Authority expended \$18,024,710 on capital assets, which were fully funded with federal and state capital grants.

Four recommendations for PVRTA were made in the Management Letter:

1. During fiscal year 2019, the Authority's Finance Department experienced a high rate of staff turnover. In addition, the Authority switched to a new general ledger software, Abila MIP. Recommendation: The staff of the Finance Department should familiarize themselves with accounting rules and regulations applicable to the Authority.
2. The Authority's capital grant accounts receivable balance as of June 30, 2019 was \$6,104,227. Subsequent to fiscal year end, the Authority collected \$2,931,071 leaving an outstanding balance of \$3,173,156 as of September 10, 2019. As these receivables are related to capital asset purchases funded with specific federal and state grants, the collection of the receivables should be more timely. Recommendation: Capital asset purchases charged to Federal grants are reimbursed by drawing the funds down directly from the Federal ECHO system by the Authority. The drawdown should take place no later than 3 business days after the purchase, or soon enough thereafter as allowed under the terms of the grants.
3. The Governmental Accounting Standards Board (GASB) has issued Statement No. 87, *Leases*, which establishes new financial reporting requirements for governments. The implementation of this statement will require a lessee to recognize a lease liability and an intangible right-to-use lease asset or capital asset on its balance sheet and will require a lessor to recognize a lease receivable and a deferred inflow of resources on its balance sheet. The Authority's required implementation date of GASB Statement No. 87 is for the fiscal year ended June 30, 2021. Recommendation: Management of the Authority should familiarize itself with GASB Statement No. 87 in order to prepare for its

implementation and impact on the Authority's financial reporting which begins on July 1, 2020 (fiscal year 2021). The Authority should also begin the process of identifying and documenting all lease contracts, whether as lessee or lessor, and determine if any contracts meet the reporting requirements of GASB Statement No. 87.

4. There is an increasing threat of cyber and ransomware attacks against organizations of all sizes and industries, including public government agencies. An attack on the Authority's computer systems could cause significant disruption to the Authority's operations and result in the potential theft or loss of electronic files and data, including financial records, payroll information, and employee data. Recommendation: The Authority should review its information technology policies and procedures to make sure the appropriate safeguards are in place to mitigate the risk of a cyber-attack, as well as minimize the theft or loss of data should an attack occur.

PVTA met all the requirements for the audit and all the information and documentation that was needed was provided. There are no material weaknesses. This was a clean audit and PVTA's books are being kept well.

PVTA Management stepped out of the room so the Finance and Audit Committee could discuss the Audit without management present.

David Moskin: Are there any areas of concern that we should be worried about?

Auditor Irwin: Only worry is funding from the state. Accounting wise, no issues. The overall system is designed so if anything falls out of place, systems will hopefully catch anything out of the ordinary.

A full copy of PVTA's FY19 Audit report has been filed with the minutes of this meeting.

Chairman Slaughter asked for a motion from the committee to recommend accepting and adoption of PVTA's FY19 Audit to the Advisory Board.

MOTION: Moved and seconded by (O'Leary/Moskin) to recommend accepting and adoption of PVTA's FY19 Audit to the Advisory Board.

Chairman Slaughter asked if there was any discussion. Hearing none; asked all those in favor to say aye.

Motion Passed unanimously.

5. OTHER BUSINESS

Chairman Slaughter reported that there is no other business to discuss.

6. ADJOURNMENT

The meeting of the PVTA Finance & Audit Committee adjourned (O'Leary/Moskin) at 12:07 P.M.

A TRUE RECORD

ATTEST:


BRANDY PELLETIER

Documents filed with Finance & Audit Committee Meeting packet:

- May 22, 2019 Finance & Audit Committee Meeting Minutes
- PVTa's FY19 Audit

Minutes Approved: January 21, 2020